

Shore Protection Manager

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CARTERET COUNTY BEACH COMMISSION MEETING
MAY 20, 2019; 2:00 pm
PINE KNOLL SHORES TOWN HALL

AGENDA

(1)	Call to Order.	<i>Chairman Cooper</i>
(2)	Approval of Minutes. (Regular Beach Commission Meeting – February 18, 2019)	<i>Chairman Cooper</i>
(3)	2019 Beach Commission Officer Elections. (chair & vice-chair)	<i>Chairman Cooper</i>
(4)	Room Occupancy Tax (ROT) and “Beach Fund” Update.	<i>Greg “rudi” Rudolph</i>
(5)	2019-20 Beach Nourishment Planning Discussion.	<i>Greg “rudi” Rudolph & Moffatt & Nichol</i>
(6)	Public Comment.	
(7)	Other Business.	
(8)	June 2019 Meeting Date. (June 24, 2019 or TBD)	<i>Chairman Cooper</i>
(9)	Adjourn.	<i>Chairman Cooper</i>

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Approval of Minutes

Regular Beach Commission Meeting – February 18, 2019

Meeting Date: 5/20/19

Topic No. 2

Suggested Action: A motion should be entertained to approve the February 18, 2019 meeting minutes with any recommended changes from the Beach Commission.

Attached for the Beach Commission's review, comments, and subsequent approval are the minutes for the Commission's February 18, 2019 regular meeting.

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CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Pine Knoll Shores Town Hall

February 18, 2019, 2 pm

Attendance.

Commission Members A.B. "Trace" Cooper (chair), Ken Jones (vice-chair), Harry Archer, Larry Baldwin, Douglas Guthrie, Jimmy Farrington, Joel Fortune, Woody Warren, John Wooten, secretary Greg Rudolph, and the general public. Members Larry Corsello and Jim Normile were absent.

- (1) **Call to Order.** - Chairman Cooper called the meeting to order and welcomed back member Woody Warren who is serving on the Beach Commission under the position designated for the County's Tourism Development Authority (TDA). The Chairman also recognized Janet Bradbury from Senator Burr's regional Wilmington office to the meeting and the Commission introduced themselves individually to Mrs. Bradbury.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (December 3, 2018).** – Chairman Cooper asked the Commission if there were any corrections, additions, or comments regarding the December 4th regular session minutes presented in the agenda packet. Member Archer subsequently made a motion to adopt the minutes as presented, which was seconded by vice-chair Jones and unanimously approved.
- (3) **2019 Beach Commission Officer Elections.** – Chairman Cooper initiated the discussion by mentioning in the past he has disclosed that it is time to begin thinking about a succession plan for the Chairman position – I (Chairman Cooper) have served in this capacity for several years and am also serving on other boards, councils, etc. Ideally it would be beneficial for someone to become vice-chair for a year to groom themselves for the Chair position the following year (2020 or 2021). Chairman Cooper reiterated that he would like to stay as Chairman for this year 2019, and maybe 2020 and help with the transition. Therefore if it is acceptable to the Commission, let's table the officer elections for a month and the interim I (Chairman Cooper) will canvas a few individuals for the vice-chair (i.e., chairman in training) position. The Beach Commission agreed unanimously subsequent to a motion by member Fortune and a second vice-chair Jones.
- (4) **Room Occupancy Tax (ROT) and "Beach Fund" Update.** – Chairman Cooper introduced the topic by noting that we are having a bizarre offseason in the wake of hurricane *Florence* that the secretary will explain in more detail. Secretary Rudolph continued that we will dive deeper into the occupancy tax when we discuss the budget, but the collection reports for October, November, and December are included in the agenda packet, and the take home message is that despite *Florence*; the collection was up by over 3% for the 2018 calendar year, and the timeframe after *Florence* (October, November, and December) was up by +7% compared to the same months in 2017. Although October was down significantly (-28%), September was actually up by +10.5%. Thus there are reporting quirks; decreased inventory but higher occupancy of the rooms that are

available; vacation insurance; and long-term vs. short term rental issues that paint a very complicated picture. The bottom line however is that most of the occupancy tax revenue is generated in the summer, and if inventory is down; then there simply won't be accommodation space for tourists that there has been in the past – therefore the collection will go downward. Member Warren commented that there is some good news to report on that front. It looks like most of the condominiums will be fully operational by June and many of the cottages are back on-line as well. So it might not be as dire as we may have thought a couple of months ago. The secretary concluded our beach nourishment reserve is estimated to be at ~\$21 million.

- (5) **Shore Protection Office Budget for FY 2019-20.** – Secretary Rudolph introduced the FY 2019-20 budget topic by mentioning the Program Summary included as the last ~30 pages of the agenda packet – it is a good resource document of all the project and policy issues we spend a majority of our time on, and the electronic version includes hyperlinks to all the important reports, news releases, correspondences, etc. that are salient to each issue. For our presentation today, the Program Summary is encapsulated in two slides ([1 & 2](#)), and each issue was provided a very subjective “+”, “-“, or “0”. Issues such as the Master Plan, hurricane *Florence* of course, the Endangered Species Act, Flood Insurance Rate Maps, Outer Continental Shelf Oil & Gas Leasing, the Corps of Engineers “50-year Plan”, Beach Monitoring, Waterway Projects, and other issues were summarized in a “year in review” format followed by a “what’s next” list for the same or other issues.

With respect to revenues from a calendar year perspective; 2018 was up by +3.6% compared to 2017 (\$7,621,795 v. \$7,357,361) as introduced during our occupancy agenda topic (Agenda Topic #4). The condo/cottage sector accounts for ~63% of the revenue collected, while the hotel/motel sector constitutes ~29%, and “other” is 8%. The total rental income in 2018 is estimated at \$127,029,921, and again there is a complicated picture that has developed in the wake of *Florence*. We are up by just over 1% half-way through our current fiscal year (FY 2018-19) and we are proposing that the fiscal year will still conclude at +3% growth, but the following fiscal year (FY 2019-20) we are foreshadowing a +1% increase rather than our customary +3% growth rate. The secretary subsequently asked if the Beach Commission agreed with this budget number moving forward. Member Wootten and Chairman Cooper replied that all of our revenue goes into a reserve fund anyhow, so if we miss; it doesn't mean we have to adjust staff or not purchase vehicles, etc. The Commission therefore agreed to take the conservative approach as proposed. The secretary thanked the Commission for the guidance and continued by showing a series of graphs depicting the occupancy tax over time ([slides 3 - 9](#) in the presentation) noting among other items that 2018 was a “weird” reporting year – a record breaking April, followed by an abnormally low May only to be followed by the highest June collection ever reported. Couple this with the reporting issues we mentioned previously with respect to *Florence*, and again it is difficult to decipher what the trends truly were for any individual month. Member Baldwin mentioned the article in today's News & Observer regarding the school calendar issue, and that would obviously impact the occupancy tax revenue (negatively) by moving the school start dates earlier into the month of August. Secretary Rudolph responded by noting that of the 88 bills introduced in the N.C. House as of today – 17 are related to the school calendar issue. The Senate refused to consider any of the school calendar bills the last long session of the N.C. General Assembly (2017), and it is likely bills of this nature will have the same fate this year.

In terms of expenditures from a personnel standpoint ([slides 10 - 12](#)), we are proposing a 0% change in personnel, and an ever so slight increase (\$540) for operations (\$21,940 total) – the latter is more for contingencies (replacing/fixing equipment, phone, etc.). Contracted Services is

always our biggest expense and for FY 2019-20, our Master Plan is just about complete and we are reducing our budget for on-call legal services, which equates to an overall \$100,000 reduction in contracted services (\$385,470 compared to \$485,470). These changes are straightforward. The secretary continued however that forecasting our high-dollar nourishment projects is tricky. Phase I of the Post Florence Renourishment Project is planned for Spring 2019 and will result in a direct expenditure of ~\$12 million from the nourishment reserve fund, leaving an estimated balance of ~\$10 million as we start FY 2019-20. With no concrete timelines or level of reimbursement actually known for FEMA reimbursement, it is difficult to plug in another \$12 million project (or more) without showing a negative balance; which is never a good idea. Therefore considering the Shore Protection Office expenditure budget rarely exceeds \$1 million annually and the uncertainty with respect to FEMA and the impacts to the nourishment reserve, we are NOT going to include any "project" funding in the FY 2019-20 budget although we are going full-steam planning-wise for "Phase II" of the Post Florence Renourishment Project that will ideally encompass central and western Emerald Isle, Pine Knoll Shores, and West Atlantic Beach. Thus and finally if we just look at our non-project budgets for FY 2018-19 to that of the proposed FY 2019-20 budget; we are recommending a -15% decrease (\$586,512 proposed for FY 2019-20 compared to \$685,593 budgeted in FY 2018-19).

The secretary completed the budget presentation with a graphic of the Beach Nourishment Reserve over time depicting a crest of \$11 million in FY 2011-12 followed by a decline to \$5.7 million attributed to funding assistance provided to the Post-Irene Nourishment Project ([slide 12](#)). The Reserve was at roughly \$18 million as we started FY 2018-19 as depicted on the graph and is currently at ~\$21 million. However, it should be close to ~\$10 million at the conclusion of FY 2018-19 once the Phase I Post-Florence Renourishment Project is constructed and paid for. The 5-year forecast as shown on the graph is just an exercise of letting the occupancy tax/reserve grow unimpeded without any large scale projects. Reality of course could very well be different but again without a firm grasp of FEMA reimbursement levels; any other "with projects" forecast would be even more speculative. The reserve cap stipulated in the Occupancy Tax Law is \$30 million and would be reached sometime in fiscal year 2024-2025 – again using the assumptions just mentioned.

- (6) **Public Comment/Other Business.** – The secretary updated the Beach Commission concerning Phase 1 of the Post-Florence Nourishment Project using the [project website](#), which is scheduled to start in the first week of March.
- (7) **Closed Session pursuant to G.S. 143-318.11 for the permitted purpose of discussing personnel.** – The motion to go into closed session in the beginning of the session was made by vice-Chair Jones, seconded by member Guthrie, and unanimously approved. Following the closed session (personnel evaluation), the Beach Commission instructed the secretary to recommend the maximum merit raise the County might afford to staff depending upon the wishes of the County Board. The motion for this merit compensation and to approve the budget was provided by member Fortune, seconded by member Archer and unanimously approved.
- (8) **March 2019 Meeting Date (March 25, 2019).** – It was agreed upon that the next Beach Commission meeting would be held on March 25th at 2:00 pm, Pine Knoll Shores Town Hall.
- (9) **Adjourn.** – Chairman Cooper asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

2019 Beach Commission Officer Elections (chair and vice-chair)

Meeting Date: **5/20/19**

Topic No. **3**

Suggested Action: In accordance with the Beach Commission's by-laws, the Commission should proceed to nominate and elect a chair and vice-chair for this year (2019) by simple majority at our May regular meeting.

As a matter of housekeeping *per se*, the Beach Commission is requested to codify their desires for the 2019 Chair and Vice-Chair positions by voice vote at our May meeting. The Commission may remember this topic was ceremoniously broached at our last meeting (February) when chairman Cooper expressed his desire to remain as chair for another year or two while grooming a vice-chair during this time to eventually assume the chair's role in 2020 or 2021. As reflected in the February meeting minutes, the Beach Commission was in agreement with this approach and agreed to let Chairman Cooper canvas the membership for a vice-chair, or a "chairman in training". To this effect, commissioner Normile has been informally serving in a vice-chair capacity since February, and again the Beach Commission is respectfully requested to formalize the Chairmanship and Vice-Chairmanship positions for members Cooper and Normile, respectively. And lastly for the sake of completeness, the February agenda topic memo regarding this subject is also attached, which provides the full Beach Commission roster and cites the by-law provisions guiding officer elections.

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CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

2019 Beach Commission Officer Elections (chair and vice-chair)

Meeting Date: **2/18/19**

Topic No. **3**

Suggested Action: In accordance with the Beach Commission's by-laws, the Commission should proceed to nominate and elect a chair and vice-chair for this year (2019) by simple majority at our February regular meeting.

Pursuant to Article IV, Sec. 2 of the Carteret County Beach Commission bylaws, nominations and elections of the chair and vice-chair of the Commission shall take place at the regular Beach Commission meeting in January of each year. January is also designated as the "begin and end" date for the terms of Beach Commission members, and recently members Archer, Normile, Guthrie, and Warren were either re-appointed or appointed to the Beach Commission by the County Board of Commissioners on January 14, 2019. Obviously our January meeting was postponed until February and hence our officer elections will need to take place during our February 18th meeting. A complete and updated roster of the Beach Commission, copies of the meeting agendas and minutes, and the Commission's by-laws are available at <http://www.carteretcountync.gov/298/Beach-Commission>. The Commission's current roster is also provided on the following page.

For the elections this month, any Commission member is permitted to make a nomination and officers are elected for a one-year term via simple majority by those members present at our February regular meeting (verbal or written ballot). Also there are no limits for consecutive terms, thus members Cooper and Jones are eligible to serve once again in the chair and vice-chair capacity, respectively if they and the Beach Commission so desires.

And lastly, I have genuinely enjoyed working with the Beach Commission over the course of this past and predating years – we've had the same core of individuals now for a while and it would be hard pressed to find a more technically savvy, fiduciary responsible, and thoughtful board/commission/council in local government. The institutional knowledge we all possess is helping us achieve some long term goals that came to fruition in 2018 as detailed in the accompanying budget materials (see agenda topic 5 – program summary) and is highlighted by; (a) securing all State and federal permits/authorizations after several years of work associated with the Bogue Banks Master Nourishment Plan, (b) utilizing the

Master Plan permitting/authorization authority as a vehicle to quickly respond to hurricane *Florence* by implementing a nourishment project, (c) serving as an informational clearinghouse and "honest-broker" with respect to the new modified 2019 – 2024 Outer Continental Shelf Oil & Gas Leasing Program and associated seismic Geophysical and Geological (G&G) permitting, (d) securing State funding to bring the Pre-Construction, Engineering & Design Phase of the U.S. Army Corps of Engineers' "50-year" Coastal Storm Damage Reduction Project towards a conclusion, and (e) serving as a grant administer and project manager for various waterway projects throughout the County.

I also look forward to working collectively with the Beach Commission as we address the challenges before us in 2019, which will mostly focus upon *Florence* recovery for the beaches of central and west Emerald Isle, Pine Knoll Shores, and west Atlantic Beach. This will potentially entail a host of FEMA reimbursement issues pertaining to the level of reimbursement and consequent cash flow concerns.

CARTERET COUNTY BEACH COMMISSION			
NAME	RESIDING/ REPRESENTING	TERM LENGTH	TERM EXPIRES
Harry Archer	Atlantic Beach	3 years	1/2022
A.B. "Trace" Cooper, III	Atlantic Beach	3 years	1/2021
Ken Jones	Pine Knoll Shores	3 years	1/2020
Larry Corsello	Pine Knoll Shores	3 years	1/2021
Jim Normile	Emerald Isle	3 years	1/2022
John Wootten	Emerald Isle	3 years	1/2020
Joel Fortune, Jr.	Indian Beach	3 years	1/2021
Douglas Guthrie	Bogue Banks	3 years	1/2022
Larry Baldwin	County At-Large	3 years	1/2020
Jimmy Farrington	Board of Commissioners	3 years	1/2021
Woody Warren	TDA	3 years	1/2022



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

Room Occupancy Tax (ROT) and “Beach Fund” Update.

Meeting Date: 5/20/19

Topic No. 4

Suggested Action: None.

Copies of Carteret County’s monthly Room Occupancy Tax (ROT) collection reports for January, February, and March 2019 are attached to this month’s “Beach Fund” update constituting “the 3rd quarter” of the 2018-19 fiscal year or the “1st quarter” of the 2019 calendar year. As what has become customary now, these data are consequently utilized to update four summary tables presented at the end of this coversheet including; **Table 1** - a running summary of ROT collections comparing monthly revenues from FY 2018-19 to FY 2017-18, **Table 2** - a summary of ROT revenue from a Calendar Year perspective (CY 2019 - CY 2012), **Table 3** - a more detailed FY 2018-19 to FY 2017-18 revenue comparison of the collection by sectors (hotel/motel, condo/cottage, and “other”), and **Table 4** - a year-to-date estimate of the Beach Fund.

The January, February, and March collections were up by +53.4%, +4.5%, and +23.8%, respectively compared to the same months in 2018. As a collective group, this equates to a +24.6% monetary increase or an additional \$55,515 to the Beach Fund over the course of these three months compared to 2018. As we have been discussing now for the past few months, hurricane *Florence’s* impacts is confounding our historical visitation, inventory, and occupancy tax collection trends – there is lower inventory as a whole, but occupation during the winter and shoulder months is up because of the influx of construction workers into the area and displaced families that have temporarily moved into whatever inventory that was available after *Florence’s* passage. Interestingly, the occupancy tax is up by almost precisely +3% for the first 9 months of FY 2018-19, which of course coincides exactly with our budget projection. For FY 2019-20, which incorporates most of the summer months for 2019, we have projected a +1% growth rate in context of the lower inventory available to occupy during these peak, and usually full months of the year.

And lastly as illustrated in Table 4 below, our estimated value for the beach nourishment reserve (“Beach Fund”) is approximately \$21 million by taking our opening balance, our expenditures to date, and revenue all current through March 2019 into account. A copy of the expenditure report for the month of March is also attached to this

cover sheet for the Commission's review, and it should be kept in mind the financial transactions (invoicing and payments) associated with Phase I of the Post-*Florence* Renourishment Project did not start until April. The reserve is contractually exposed to a maximum of \$12 million out of the overall ~\$21 million budgeted for the project – remaining balance provided by State and municipal funding (\$5 million and \$4 million, respectively).

**Cumulative Analysis and Monthly Comparison
Room Occupancy Tax (ROT) and the "Beach Fund"
FY 2018-19 v. 2017-18
Carteret County**

Month	Gross Receipts TDA & Beach		Beach Fund (Monthly)*		Beach Fund (YTD)*		Occ. Tax Total Monthly Difference	Occ. Tax Total YTD Difference
	FY 17-18	FY 18-19	FY 17-18	FY 18-19	FY 17-18	FY 18-19		
Jul	\$2,022,661	\$1,951,256	\$1,011,331	\$975,628	\$1,011,331	\$975,628	-3.53%	-3.53%
Aug	\$1,345,057	\$1,339,735	\$672,528	\$669,867	\$1,683,859	\$1,645,495	-0.40%	-2.28%
Sep	\$651,908	\$720,343	\$325,954	\$360,172	\$2,009,813	\$2,005,667	10.50%	-0.21%
Oct	\$424,176	\$304,571	\$212,088	\$152,286	\$2,221,901	\$2,157,953	-28.20%	-2.88%
Nov	\$260,361	\$380,894	\$130,181	\$190,447	\$2,352,081	\$2,348,400	46.29%	-0.16%
Dec	\$97,436	\$150,872	\$48,718	\$75,436	\$2,400,800	\$2,423,836	54.84%	0.96%
Jan	\$108,736	\$166,761	\$54,368	\$83,380	\$2,455,168	\$2,507,216	53.36%	2.12%
Feb	\$147,363	\$153,978	\$73,682	\$76,989	\$2,528,849	\$2,584,205	4.49%	2.19%
Mar	\$194,638	\$241,029	\$97,319	\$120,514	\$2,626,168	\$2,704,719	23.83%	2.99%
Apr	\$426,106		\$213,053		\$2,839,221			
May	\$314,986		\$157,493		\$2,996,714			
Jun	\$1,582,294		\$791,147		\$3,787,861			
Totals=	\$7,575,723	\$5,409,439	\$3,787,861	\$2,704,719	\$3,787,861	\$2,704,719	Avg. = 17.91%	2.99%

Note: 6% overall collection rate (* = 50 TDA/50 Beach Fund split).

TABLE 1 – Monthly and cumulative summary of the Carteret County room occupancy tax collection reflecting the current and previous fiscal year in terms of the gross revenue and the portion of revenue legislatively mandated for beach nourishment (i.e., the "Beach Fund").

**Cumulative Analysis and Monthly Comparison
Room Occupancy Tax (ROT) and the "Beach Fund"
Calendar Year 2019 - 2012
Carteret County (6% collection rate)**

Month	2019	2018	2017	2016	2015	2014	2013		2012	
	6%	6%	6%	6%	6%	6%	6%	5%	6%	5%
Jan.	\$166,761	\$108,736	\$90,369	\$72,738	\$65,107	\$54,359	\$48,955	\$40,796	\$50,517	\$42,097
Feb.	\$153,978	\$147,363	\$102,895	\$80,744	\$66,976	\$60,118	\$52,897	\$44,081	\$62,634	\$52,195
Mar.	\$241,029	\$194,638	\$198,697	\$197,020	\$142,289	\$121,346	\$128,088	\$106,740	\$114,521	\$95,434
Apr.		\$426,106	\$378,586	\$267,064	\$238,039	\$218,570	\$187,767	\$156,472	\$226,302	\$188,585
May		\$314,986	\$574,112	\$495,403	\$519,427	\$530,041	\$373,921	\$311,601	\$368,024	\$306,687
June		\$1,582,294	\$1,211,103	\$1,254,762	\$1,194,984	\$1,119,788	\$1,126,150	\$938,458	\$1,041,735	\$868,113
July		\$1,951,256	\$2,022,661	\$1,945,706	\$1,799,562	\$1,714,309	\$1,440,439	\$1,200,365	\$1,436,356	\$1,196,963
Aug.		\$1,339,735	\$1,345,057	\$1,310,899	\$1,310,391	\$1,327,500	\$1,270,274	\$1,058,562	\$1,140,977	\$950,814
Sept.		\$720,343	\$651,908	\$632,513	\$598,281	\$514,648	\$471,580	\$392,983	\$437,265	\$364,387
Oct.		\$304,571	\$424,176	\$354,178	\$357,967	\$348,348	\$296,997	\$247,497	\$219,665	\$183,054
Nov.		\$380,894	\$260,361	\$192,591	\$148,172	\$125,217	\$145,665	\$121,388	\$120,973	\$100,811
Dec.		\$150,872	\$97,436	\$98,029	\$89,584	\$92,698	\$72,597	\$60,498	\$51,216	\$42,680
Totals =	\$561,767	\$7,621,795	\$7,357,361	\$6,901,648	\$6,530,780	\$6,226,944	\$5,615,329	\$4,679,441	\$5,270,185	\$4,391,821
YTD =	24.63%									

TABLE 2 – Monthly and cumulative summary of the Carteret County Room Occupancy Tax collection reflecting the current and previous six calendar years in terms of the gross revenue only.

HOTELS/MOTELS

Month	2017-18		2018-19		FY 2018-19 v. 2017-18	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$370,322	\$370,322	\$365,114	\$365,114	-\$5,208	-1.41%
Aug	\$274,246	\$644,568	\$217,643	\$582,757	-\$56,603	-9.59%
Sep	\$177,382	\$821,950	\$236,742	\$819,499	\$59,360	-0.30%
Oct	\$194,831	\$1,016,781	\$147,923	\$967,422	-\$46,909	-4.85%
Nov	\$94,295	\$1,111,076	\$129,778	\$1,097,200	\$35,483	-1.25%
Dec	\$57,487	\$1,168,563	\$92,243	\$1,189,443	\$34,757	1.79%
Jan	\$64,220	\$1,232,782	\$86,242	\$1,275,685	\$22,022	3.48%
Feb	\$75,355	\$1,308,137	\$83,762	\$1,359,447	\$8,407	3.92%
Mar	\$117,220	\$1,425,358	\$121,653	\$1,481,100	\$4,433	3.91%
Apr	\$171,013	\$1,596,371				
May	\$164,845	\$1,761,215				
Jun	\$410,906	\$2,172,122				
Totals=	\$2,172,122	\$2,172,122	\$1,481,100	\$1,481,100	\$55,742	3.91%

CONDOS/COTTAGES

Month	2017-18		2018-19		FY 2018-19 v. 2017-18	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$1,536,111	\$1,536,111	\$1,462,838	\$1,462,838	-\$73,273	-4.77%
Aug	\$986,966	\$2,523,077	\$1,046,472	\$2,509,310	\$59,506	-0.55%
Sep	\$432,336	\$2,955,413	\$446,022	\$2,955,332	\$13,686	0.00%
Oct	\$198,533	\$3,153,946	\$118,172	\$3,073,504	-\$80,361	-2.55%
Nov	\$91,458	\$3,245,403	\$225,997	\$3,299,501	\$134,539	1.67%
Dec	\$28,719	\$3,274,123	\$38,797	\$3,338,298	\$10,077	1.96%
Jan	\$15,587	\$3,289,710	\$42,818	\$3,381,116	\$27,231	2.78%
Feb	\$41,210	\$3,330,920	\$25,854	\$3,406,970	-\$15,356	2.28%
Mar	\$34,772	\$3,365,692	\$66,460	\$3,473,431	\$31,688	3.20%
Apr	\$207,589	\$3,573,281				
May	\$115,838	\$3,689,120				
Jun	\$1,039,338	\$4,728,457				
Totals=	\$4,728,457	\$4,728,457	\$3,473,431	\$3,473,431	\$107,738	3.20%

OTHER, LESS THAN 5, & ON-LINE TOTAL

Month	2017-18		2018-19		FY 2018-19 v. 2017-18	
	Monthly	Year-to-Date	Monthly	Year-to-Date	Monthly	Year-to-Date
Jul	\$116,227	\$116,227	\$123,303	\$123,303	\$7,076	6.09%
Aug	\$83,846	\$200,073	\$75,620	\$198,923	-\$8,225	-0.57%
Sep	\$42,191	\$242,263	\$37,579	\$236,503	-\$4,611	-2.38%
Oct	\$30,811	\$273,075	\$38,477	\$274,980	\$7,665	0.70%
Nov	\$74,609	\$347,683	\$25,120	\$300,099	-\$49,489	-13.69%
Dec	\$11,230	\$358,914	\$19,832	\$319,931	\$8,602	-10.86%
Jan	\$28,929	\$387,843	\$37,701	\$357,632	\$8,772	-7.79%
Feb	\$30,799	\$418,641	\$44,361	\$401,993	\$13,562	-3.98%
Mar	\$42,645	\$461,286	\$52,915	\$454,908	\$10,270	-1.38%
Apr	\$47,504	\$508,790				
May	\$34,303	\$543,093				
Jun	\$132,051	\$675,144				
Totals=	\$675,144	\$675,144	\$454,908	\$454,908	-\$6,378	-1.38%

TABLE 3 – Monthly and cumulative summary of the Carteret County occupancy tax collection segregated by each of the three collection sectors (hotel/motel, condo/cottage, and “other”) for the current and previous fiscal years in terms of the gross revenue only. Note: On-line collection was first implemented in January 2016.

**Estimated Year-to-Date "Beach Fund" Reserve Balance
FY 2018-19**

Opening Fund Balance (7/1/18)	\$18,631,010
Revenues	
Occupancy Tax (to date)	\$2,704,719
Interest on Reserve	NA
<i>Total Revenues</i>	<u>\$2,704,719</u>
Expenditures	
Shore Protection Office (3/31/19)	\$358,539
County Occupancy Tax Administration Fee*	\$32,047
<i>Total Expenditures</i>	<u>\$390,587</u>
 (Deficit)/Surplus for Year	 <u>\$2,314,133</u>
 Fund Balance	 <u><u>\$20,945,142</u></u>

*Up to 3% of first \$500,000 of gross proceeds and 1% of remaining gross receipts collected each year.

TABLE 4 – Estimated value of the “Beach Fund” utilizing the opening fund balance at the beginning of the current fiscal year, coupled with the revenues and expenditures to date.

OCCUPANCY TAX COLLECTION**Reporting period:****Jan-19**

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 41,585.11	\$ 1,233.15	33	88
HOTEL / MOTEL	\$ 86,218.51	\$ 23.10	22	14
OTHER	\$ 5,430.14	\$ 53.71	31	157
ONLINE	\$ 32,217.05	\$ -	5	1
TOAL ALL TYPES	\$ 165,450.81	\$ 1,309.96	91	260
Total Collected	\$ 166,760.77			

January-19

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$16,022.01	\$7,562.36	\$1,417.46	\$0.00	\$25,001.83
Beaufort	\$3,065.10	\$6,997.89	\$235.97	\$0.00	\$10,298.96
Cape Carteret	\$68.74	\$10,078.49	\$0.00	\$0.00	\$10,147.23
Emerald Isle	\$22,923.73	\$12,471.29	\$2,889.59	\$0.00	\$38,284.61
PKS / Salter Path/ Indian Beach	\$340.16	\$18,955.77	\$63.86	\$0.00	\$19,359.79
Morehead City	\$0.00	\$25,486.42	\$0.00	\$0.00	\$25,486.42
On Line	\$0.00	\$0.00	\$0.00	\$32,217.05	\$32,217.05
Unincorporated	\$398.52	\$4,689.39	\$876.97	\$0.00	\$5,964.88
Totals	\$42,818.26	\$86,241.61	\$5,483.85	\$32,217.05	\$166,760.77

OCCUPANCY TAX COLLECTION**Reporting period:****Feb-19**

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 25,652.42	\$ 202.05	37	85
HOTEL / MOTEL	\$ 83,755.72	\$ 6.42	24	12
OTHER	\$ 6,204.78	\$ 355.05	37	152
ONLINE	\$ 37,801.07	-	4	2
TOAL ALL TYPES	\$ 153,413.99	\$ 563.52	102	251
Total Collected	\$ 153,977.51			

February-19

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$10,660.18	\$11,127.99	\$972.31	\$0.00	\$22,760.48
Beaufort	\$817.34	\$7,144.36	\$883.32	\$0.00	\$8,845.02
Cape Carteret	\$550.74	\$8,394.99	\$0.00	\$0.00	\$8,945.73
Emerald Isle	\$13,512.34	\$8,825.61	\$2,644.07	\$0.00	\$24,982.02
PKS / Salter Path/ Indian Beach	\$110.70	\$22,152.21	\$0.00	\$0.00	\$22,262.91
Morehead City	\$0.00	\$23,298.94	\$1.80	\$0.00	\$23,300.74
On Line	\$0.00	\$0.00	\$0.00	\$37,801.07	\$37,801.07
Unincorporated	\$203.17	\$2,818.04	\$2,058.33	\$0.00	\$5,079.54
Totals	\$25,854.47	\$83,762.14	\$6,559.83	\$37,801.07	\$153,977.51

OCCUPANCY TAX COLLECTION**Reporting period:****Mar-19**

Type	Tax Received	Penalties & Interest	Total Reporting Tax	Total No Tax
CONDOS/COTTAGE	\$ 65,587.75	\$ 872.39	38	85
HOTEL / MOTEL	\$ 121,512.27	\$ 140.75	25	11
OTHER	\$ 9,584.11	\$ 72.63	47	143
ONLINE	\$ 43,258.74	\$ -	5	1
TOAL ALL TYPES	\$ 239,942.87	\$ 1,085.77	115	240
Total Collected	\$ 241,028.64			

March-19

Reporting Location	Condos/Cottage Tax	Hotel/Motel Tax	Other Tax	On Line	Total
Atlantic Beach	\$25,488.29	\$16,812.72	\$1,406.75	\$0.00	\$43,707.76
Beaufort	\$1,288.16	\$12,818.53	\$1,918.87	\$0.00	\$16,025.56
Cape Carteret	\$110.92	\$12,837.45	\$0.00	\$0.00	\$12,948.37
Emerald Isle	\$38,484.03	\$13,663.74	\$4,705.55	\$0.00	\$56,853.32
PKS / Salter Path/ Indian Beach	\$705.14	\$31,287.44	\$127.72	\$0.00	\$32,120.30
Morehead City	\$90.72	\$29,441.44	\$0.00	\$0.00	\$29,532.16
On Line	\$0.00	\$0.00	\$0.00	\$43,258.74	\$43,258.74
Unincorporated	\$292.88	\$4,791.70	\$1,497.85	\$0.00	\$6,582.43
Totals	\$66,460.14	\$121,653.02	\$9,656.74	\$43,258.74	\$241,028.64

ACS FINANCIAL SYSTEM
5/09/2019 16:39:05
LEVEL OF DETAIL 1.0 THRU 4.0

Expenditure Guideline
FOR THE PERIOD(S) JUL 01, 2018 THROUGH MAR 31, 2019

CARTERET COUNTY, NC
GL520R-V08.13 PAGE 1

*** USER MAY NOT HAVE ACCESS ***
*** TO ALL ACCOUNTS IN RANGE ***

	YTD THRU MAR31 AMENDED BUDGET	ENCUMBERED	ACT MTD POSTED AND IN PROCESS	ACT YTD POSTED AND IN PROCESS	REMAINING BALANCE	PCT
110 GENERAL FUND						
40 ECONOMIC & PHYSICAL DEVELOP						
4901 BEACH NOURISHMENT						
12100 SALARIES	77,696.26	0.00	8,208.00	75,756.11	1,940.15	97 -----
12600 PART TIME WAGES	0.00	0.00	0.00	0.00	0.00	0
18100 FICA EXPENSE	5,943.75	0.00	617.70	5,705.13	238.62	95 -----
18200 RETIREMENT CONTRIBUTION	6,101.24	0.00	643.50	5,939.22	162.02	97 -----
18300 HOSPITALIZATION INSURANCE	6,764.99	0.00	659.69	5,903.93	861.06	87 -----
18500 UNEMPLOYMENT	0.00	0.00	0.00	0.00	0.00	0
18600 WORKMENS COMP	1,500.00	0.00	0.00	1,911.00	411.00-	127 -----!!
18700 401 K PLAN	3,885.01	0.00	410.40	3,787.79	97.22	97 -----
20000 SUPPLIES	1,500.00	0.00	65.50	65.50	1,434.50	4
28000 SMALL EQUIPMENT	1,500.00	0.00	0.00	0.00	1,500.00	0
31400 TRAVEL IN-COUNTY	1,800.00	0.00	252.30	404.91	1,395.09	22 --
32100 TELEPHONE & DATA SERVICES	2,339.99	0.00	843.43	2,265.79	74.20	96 -----
32500 POSTAGE	750.00	0.00	143.70	386.70	363.30	51 -----
39500 TRAVEL	4,410.01	0.00	0.00	1,174.64	3,235.37	26 --
44000 CONTRACTED SERVICES	364,102.50	0.00	4,846.64	249,740.20	114,362.30	68 -----
44100 FEASIBILITY AGREEMENT	300,000.00	0.00	0.00	0.00	300,000.00	0
44200 SECTION 933 REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0
49100 DUES AND SUBSCRIPTIONS	3,750.00	0.00	900.00	5,498.50	1,748.50-	146 -----!!!!
69900 GRANT CONTRIBUTIONS EDC	0.00	0.00	0.00	0.00	0.00	0
TOTAL: BEACH NOURISHMENT	782,043.75	0.00	17,590.86	358,539.42	423,504.33	45 ----
TOTAL: ECONOMIC & PHYSICAL DEVELOP	782,043.75	0.00	17,590.86	358,539.42	423,504.33	45 ----
TOTAL: GENERAL FUND	782,043.75	0.00	17,590.86	358,539.42	423,504.33	45 ----



CARTERET COUNTY BEACH COMMISSION

Agenda Topic Cover Sheet

2019-20 Beach Nourishment Planning Discussion.

Meeting Date: 5/20/19

Topic No. 5

Suggested Action: Discussion.

The Beach Commission will be receiving a briefing from the Shore Protection Office and the Moffatt & Nichol Team at our May meeting to facilitate what can be considered as a beach nourishment planning session. Macroscopically, we will be discussing/reviewing the following; **(1) Phase I** of the Post-Florence Beach Renourishment Project – what went right and what do we need to improve upon, **(2) Funding** – Nourishment Reserve value moving forward, FEMA reimbursement status and expectations, and State funding (past and future), and **(3) Planning** associated with Phase II of the Post-Florence Renourishment Project – geographic ranges including west Atlantic Beach and Salter Path, bid structure, and proposed construction timeline. By the conclusion of the nourishment planning session, we should reach consensus for Phase II (scope, cost, and financing) so we can generate plans & specifications for a bid solicitation – it is imperative the solicitation and award occurs within the next few months and well before the dredging window opens in November in order to secure an economically fair bid price.

On a more specific level, we will touch upon the following subtopics – provided in bullet point format here for the sake of brevity.

(1) Phase I of the Post-Florence Beach Renourishment Project

What went right.

- **Template Design.** Our goal was to replace the incipient dune field (“baby dunes”) and in discrete places along the Bogue Banks oceanfront, the portion of primary frontal dunes that were removed by *Florence* while also re-establishing a healthy berm width. Moffatt & Nichol mapped the pre-Florence vegetation line and utilized this spatial benchmark as the dune/berm intercept (base of the dune at +6 feet NAVD 88). From this point landward, the dune slope was designed on a 1 V:5 H

grade until an elevation of +12 feet NAVD 88 was reached, and the dune crest was maintained at this elevation landward until it tied in with the existing, scarped dune face (variable dune crest width). The berm was extended from the base of the dune (+6 feet NAVD 88) seaward at a variable width and completed using a 1 V:20 H slope out to sea. Very smart design.

- ***Endangered Species Trawling and Relocation.*** Particularly related to sea turtles to limit possible encounters with the dredge. Our Biological Opinion and other authorizations for the project stipulated the implementation of trawling/relocation once the water temperature exceeded 57 degrees Fahrenheit. However in the abundance of caution, we requested trawling begin as soon as the project started. Throughout the project 8 loggerheads, 5 greens, 4 kemp's ridleys, and 1 leatherback sea turtle were safely trawled and relocated. 11 Atlantic Sturgeon were also trawled/relocated. Of course there is not a one-to-one correlation between trawling/relocation and interaction with a dredge(s), but the possibility of a lethal or non-lethal take by the *Liberty Island* or *Ellis Island* was greatly diminished by doing so. And to this end, one kemp's ridley turtle was taken by the *Ellis Island* but it survived in good shape and is being rehabilitated at the Karen Beasley Sea Turtle Center - it is very active and there is high optimism concerning its chances.
- ***Dune Planting.*** In the past, dune planting efforts have been independent of the dredging contract itself and has been spearheaded by different groups including local governments, individual property owners, or homeowner groups. It was sort of a "wild west" approach, and we never included a project-wide dune planting effort as part of the beach nourishment contract itself until this project. While it did present some challenges (discussed below), it was the right approach and we stipulated the use of only native plants - particularly sea oats (mostly) and bitter panicum (sparsely). Very good move.
- ***Maximizing the Fill by Surveying and "On-The-Fly" Changes to the Berm Template.*** This is a little in the weeds but important - the beach shape from a cross-sectional standpoint changes on an almost daily basis and for a nourishment project like the Phase I effort, we have a set amount of cubic yards to place between point A and B. It's a balancing act to not overfill or underfill the template. For instance, if one of our Stations indicated we required 35 cubic yards/linear foot (cy/ft) in the plans & specifications to achieve the dune and berm features we desired, but 10 cy have moved into the template since our pre-project survey; then we could either put the 10 cy someplace else, or expand the berm width. Vice-versa if sand was moving outside the template. The only way to understand these changes and make the proper adjustments was to perform constant surveying ahead of the dredge pipe. Great Lakes Dredge & Dock (GLDD) and their surveyors at Geodynamics did a wonderful job of surveying and the communication between Moffatt & Nichol and GLDD was equally as great - we constantly provided template changes to GLDD and they replied positively every single time. A lot of work by Moffatt & Nichol in this regard.
- ***Communication with the Resource Agencies & Cooperation in General.*** We had weekly "face-to-face" meetings with the project sponsors (local governments), Moffatt & Nichol, GLDD, and all the State and federal resource agencies that wanted to participate (USACE, NCDIC, BOEM, USFWS, NCWRC, etc.). No one was ever in the dark about small changes to the project, equipment on the beach, trawling/relocation efforts, progress, scheduling, invoicing, etc. The interface

between the County, Beach Commission/Shore Protection Office, Emerald Isle, and Indian Beach to no surprise was seamless and terrific.

Improvements.

- **Dune Tie-In.** For the most part, the dune tie-in at +12 feet NAVD 88 worked very well, especially in areas where the intersect was within the remaining incipient dune field. In areas where the intersect was along the escarped, primary dune; there were some large offsets. For instance, if the primary dune height was +16 or +18 feet NAVD 88 and was severely scarped by *Florence*, then there would be a 4 to 6 feet escarpment remaining after the constructed dune was tied in at +12 feet NAVD 88. Although not rampart throughout the Phase I project by any means, this was a design oversight and can be easily remedied for Phase II – I can especially see this being an issue to address in areas of Pine Knoll Shores.
- **Dune Planting.** This came as a surprise to the Engineer/Sponsor, subcontractor, and the resource agencies themselves. Although summer dune planting involving tractors, trucks, and water trailers have been common place in North Carolina for over a decade; some of these vehicles are considered as “heavy equipment”. As such, heavy equipment is not allowed on the beach after May 1st once the sea turtle nesting season begins. The resource agencies have been unaware of the dune planting methodology and for the most part planting activities usually don’t have a permit attached to it like we do. While we did request and receive permission to use heavy equipment for dune planting until May 31st, this will be an issue to consider for Phase II and statewide as well.

(2) Funding

- **Nourishment Reserve Balance.** Roughly speaking, the total Phase I cost will be close to \$21 million with \$12 million emanating from the nourishment reserve, \$5 million from the State of North Carolina via NCDWR, and \$4 million from the municipalities of Emerald Isle, Indian Beach, and County (Hoffman Beach – Salter Path) – see [FACT SHEET](#). At the end of March 2019, our reserve balance was almost \$21 million before any Phase I project invoicing or payment occurred. The occupancy tax generated over \$7.6 million in 2018, meaning after expenses for the Shore Protection Office, we can expect the reserve to receive a net of ~\$3 million for the upcoming year (50% of the occupancy tax minus expenses). Thus we can reasonably expect to have \$12 million available for Phase II (\$21 million now - \$12 million for Phase I + \$3 million of occupancy tax revenue for 2019 and early part of 2020).
- **State Funding.** There was a provision in S.L. 2018-5 granting \$5 million for beach nourishment to local governments that possessed; (i) a regional management plan and formal interlocal agreement and (ii) the project had to be authorized under a multidecade, programmatic permit authorization issued to the local sponsor. We were fortunate to receive the entire \$5 million allocation, which we applied to the Phase I Project by apportioning the funding to the communities based on the percentage of sand volume received out of the entire Phase I Project. The N.C. General Assembly also passed S.L. 2018-134 after *Florence*’s passage that provides a total of \$18.5 million to local governments for beach nourishment. We have submitted our grant package as other communities have and hopefully we can expect **\$3 to \$5 million** to be awarded to Bogue Banks for Phase II. **Note:** All State funding has to be cost-shared 1:1 by local government(s). In the case that we

do ultimately receive full FEMA reimbursement for Phase I, then in effect the State funding would have not been cost shared and we would have to utilize the State funding and our match somewhere else. The “non-engineered/non-FEMA reimbursement eligible” areas of western Atlantic Beach and State area of Salter Path would be ideal candidates, and/or we can add additional sand in the engineered areas of Bogue Banks that are part of Phase II. Hypothetically, if we receive full FEMA reimbursement then our reserve could be at a level of \$24 million, and we could have a total of \$10 million of State funding from SL 2018-5 and S.L. 2018-134 in hand. That would be a total of \$20 million once the local government match (\$10 million) is applied to utilize in the areas mentioned immediately above.

- **FEMA Reimbursement/Section 428.** All in all, our FEMA reimbursement request totals \$64,477,079, including \$62,838,830 for 2,899,052 cy of sand and \$1,638,249 for 546,083 square yards of plants. Considering the Phase I effort in Indian Beach/Salter Path and East Emerald Isle was \$21 million, Phase II entailing the engineered beach regions of Pine Knoll Shores and Central/West Emerald Isle should cost roughly \$43.5 million. Using 35 cy/ft as an average fill design for western Atlantic Beach and the State Park area of Salter Path, we can assume this “delta work” would cost an additional \$11.6 million for 524,895 cy. Accordingly, the maximum total cost for Phase II including all the aforementioned reaches is \$55.1 million. Obviously, if we receive FEMA reimbursement/Section 428 funding then our reserve value will be close to \$24 million and we will be in a very viable position. If we don’t receive FEMA reimbursement/Section 428 funding authority, then we will have ~\$12 million of reserve funding available, and we won’t be in a good position. And of course if we receive partial FEMA reimbursement/Section 428 funding, then we will be somewhere in between, again keeping in mind the State funding component.

(3) Planning associated with Phase II of the Post-Florence Project

- **Bid Solicitation/Award and Construction Timeline.** As mentioned in the introductory paragraph, it is imperative we release a bid solicitation as soon as possible to secure an economically fair price for Phase II. For Phase I, we released the bid solicitation in November, which was after the dredging window opened and at a time when most of the industry fleet was scheduled for other projects. However considering the work required after *Florence*’s passage (post-storm survey, plans & specifications, alterations to permits, finalizing the BOEM lease agreement, etc.); we did the best we could and should be proud of those efforts – but we ultimately paid for it in the contract price (i.e., one responsive bid received). We should be able to avoid this scenario playing itself out again for Phase II if we can award a bid over the summer. Our permits/authorizations allow for hopper dredging from November 15th to April 30th – we need to let our contractor maximize that timeframe and hopefully secure a fair price. To this end as well, we should be open to discussing the possibility of conducting the nourishment project over two dredging seasons (i.e., winter 2019-20 and winter 2020-21). We can stipulate what minimum completion would have to be accomplished for Year 1 to ensure the nourishment effort does not become back-end loaded.
- **Bid Structure.** Considering the financial implications and timing of FEMA reimbursement/Section 428, there are multiple ways to formulate the bid. For instance, we could make the entire Phase II Project contingent upon receiving FEMA reimbursement/Section 428 funding and hope we receive FEMA notification in the next couple of months. Or, we could implement a “base + option” approach – the

base would represent the volume of sand that can be delivered with the financial instruments we have at our disposal currently (Reserve level, State funding, etc.) and the option could be for the balance of what we are planning and would be awarded once we receive notification from FEMA. In a similar vein, there is also some logic of using the 2 year approach with one year as the "base" and the following year as the "option", which would provide more breathing room with respect to the FEMA notification/award. And lastly (or ideally), there is some merit in petitioning the N.C. General Assembly to modify [G.S. § 143-132](#) which requires three bids at a minimum for public contracts. There simply is not that type of number of corporations, nor ocean-certified dredges in the industry fleet to meet this stipulation on an even remotely consistent basis, and this provides a free reign environment to mark-up original bids during the second/final advertisement period.

The Shore Protection Office is looking forward to having this nourishment planning session with the Beach Commission, and hope to reach consensus on our approach for Phase II of the Post-Florence Renourishment Project.